

PUBLIC DISCLOSURE

NOVEMBER 14, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FALL RIVER FIVE CENTS SAVINGS BANK

79 NORTH MAIN STREET
FALL RIVER, MA 02720

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
--

TABLE OF CONTENTS

- I. General Information
- II. Institution Rating
 - a. Overall Rating
 - b. Lending, Service, and Investment Test Table
 - c. Discussion of Findings
- III. Appendix
 - a. Scope of Examination

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **FALL RIVER FIVE CENTS SAVINGS BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **NOVEMBER 14, 2002**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "High Satisfactory"

The bank's overall High Satisfactory rating is based on three performance criteria of the Large Institution CRA Examination procedures. The Lending Test covers the period January 1, 2000 through September 30, 2002 for HMDA reportable loans, and January 1, 2000 through September 27, 2002 for small business loans. The Investment Test and the Service Test cover the period January 1, 2001 through November 14, 2002. The bank's performance in each of these areas is summarized below.

Lending Test

Fall River Five Cents Savings Bank's lending levels reflect a good responsiveness to its assessment area's credit needs. The bank originated 82.5% of its HMDA-reportable loans and 92.6% of its small business loans within its assessment area. The geographic distribution of loans reflects a good penetration throughout the assessment area. Based on the products reviewed, the lending distribution by borrower profile demonstrates a good penetration among borrowers of different income levels, especially when compared to aggregate lenders. In addition, a review of the bank's lending to small businesses and origination of small business loans indicates a good level of performance. The bank has made a good level of community development loans. The bank offers a broad range of flexible lending products geared towards low and moderate-income individuals and small businesses. In addition, the bank's fair lending performance was found to be satisfactory at this time. An overall High Satisfactory rating is assigned to the Lending Test.

Investment Test

Fall River Five Cents Savings Bank has a good level of qualified community development investments and grants. The bank uses innovative and/or complex investments to help support community development initiatives. The bank has also exhibited good responsiveness to community credit and economic development needs. Thus, a rating of High Satisfactory is assigned.

Service Test

Fall River Five Cents Savings Bank's retail delivery systems are readily accessible to all geographies and individuals of various income levels within the assessment area. The bank's services are designed to meet the needs of the assessment area, with specific services benefiting low and moderate-income individuals. Bank personnel have provided a good level of service activities primarily for community development purposes that are related to the provision of financial services. Bank officers and employees donate their time and expertise through their volunteer efforts in a variety of public service, charitable, and youth organizations, particularly those that serve low and moderate-income individuals within the assessment area. The bank's record of offering and participating in credit education seminars is considered good. A High Satisfactory rating is assigned to this criterion.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

The following table indicates the performance level of **Fall River Five Cents Savings Bank, Fall River, Massachusetts**, with respect to the lending, investment, and service tests.

PERFORMANCE TESTS Fall River Five Cents Savings Bank			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

PERFORMANCE CONTEXT

DESCRIPTION OF INSTITUTION

Fall River Five Cents Savings Bank (Fall River Five) is a mutual savings institution that was founded in 1855. As of the September 30, 2002, FDIC Quarterly Call Report, Fall River Five had \$446,545,000 in total assets. Of these total assets, approximately \$278,007,000 or 62.3 percent were in the form of loans.

The composition of the bank's loan portfolio consists of residential mortgage loans, commercial real estate loans, construction and land development loans, home equity loans, loans secured by farmland, commercial loans and a wide variety of consumer loans including automobile, and personal loans. Refer to the following table for the distribution of the bank's loan portfolio.

Loan Portfolio Composition

Loan Type	Amount (000s)	Percent
Residential Mortgages	\$175,090	63.0
Commercial Real Estate	\$37,192	13.4
Multifamily (5 or more) Residential Properties	\$19,232	6.9
Construction and Land Development Loans	\$16,546	6.0
Commercial Loans	\$13,225	4.8
Consumer Loans	\$9,076	3.3
Equity Lines of Credit	\$6,286	2.2
All Other Loans	\$1,360	0.4
Total Gross Loans	\$278,007	100%

Source: September 30, 2002 Consolidated Report of Condition.

The bank also sells fixed rate loans in the secondary market to FNMA. The bank sold 506 loans totaling \$52,974,189 from October 1, 2000 to September 30, 2002.

The bank's net loan-to-deposit ratio stood at 75.8 percent on June 30, 2002. This ratio shows the bank's responsiveness to community credit needs.

Fall River Five is headquartered at 79 North Street, Fall River, Massachusetts. The bank operates eight full-service offices serving the market area that covers portions of Bristol County in Massachusetts and portions of Newport and Bristol Counties in Rhode Island. Automated Teller Machines (ATMs) are located at all of the bank's full service offices. The bank is a member of the SUM Alliance and does not surcharge customers of SUM member institutions for the use of its ATMs.

Fall River Five operates in a very competitive market. Local competitors include but are not limited to First Federal Savings Bank of America, St. Anne's Credit Union, Compass Bank for Savings, Citizens Union Savings Bank, as well as representatives of regional and national mortgage companies. The market influence from these institutions appears to be significant, and as a result serves to keep the bank's rates and services offered competitive.

Market share information obtained from CRA WIZ, based on 2001 aggregate performance data indicates that the bank was ranked 13th in total originations and purchased loans within its assessment area. In addition, the bank was ranked 12th in lending to low and moderate-income applicants, and seventh in lending in low and moderate-income census tracts within its assessment area.

The bank's CRA Committee is comprised of the Vice President/CRA Officer, (Committee Chairperson), President & CEO, Senior Vice President of Operations, Senior Vice President of Lending, Senior Vice President/Human Resources, Vice President of Commercial Lending, Vice President/Branch Administrator, Vice President/Mortgage Originations, Marketing Coordinator, two Branch Managers, and three Trustees of the bank. The Committee meets quarterly and is responsible for overseeing the bank's CRA and fair lending efforts.

There are no financial or legal impediments that would limit the bank's ability to meet the credit needs of the assessment area. The Federal Deposit Insurance Corporation (FDIC) last examined the bank for CRA compliance on October 17, 2000. That examination resulted in an overall rating of Satisfactory. The Division of Banks last examined the bank's performance with respect to CRA on November 8, 1999. That examination resulted in an overall rating of High Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

The Community Reinvestment Act (CRA) requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Office of Management and Budget establishes Metropolitan Statistical Areas (MSAs) for statistical reporting purposes by federal agencies. The bank's assessment area contains 15 cities and towns located in the Providence-Fall River-Warwick, RI-MA, New Bedford, and Boston MSAs and one town located in a Non-Metropolitan Statistical Area.

Fall River Five's assessment area consists of the following cities and towns:

- Providence-Fall River-Warwick, RI-MA MSA: the City of Fall River and the Towns of Rehoboth, Seekonk, Somerset, Swansea, and Westport in Massachusetts. The Towns of Barrington, Bristol, Little Compton, Tiverton, and Warren, Rhode Island.
- New Bedford MSA: the City of New Bedford and the Towns of Dartmouth and Freetown.
- Boston MSA: The Towns of Berkley and Dighton.
- Non-MSA: the Town of Portsmouth, Rhode Island.

The assessment area is comprised of 91 census tracts. Of these tracts, 2 or 2.2% are designated as low-income; 31 or 34.1%, as moderate-income; 43, or 47.3%, as middle-income; and 12 or 13.2%, as upper-income and 3 or 3.2% with no income designation. The cities of New Bedford and Fall River contain the most census tracts, including the 2 low-income census tracts and 29 of the moderate-income census tracts. The remaining moderate-income census tracts are located in Bristol, RI and Warren, RI. The 3 census tracts with no income designation are 6442.99 (Brayton Point Power Plant) in Somerset, 6518.99 (a ship) in New Bedford and 0308.99 (a sub station) in Bristol, RI. It should be noted that the census tracts with no income designation are not used in the analysis of the bank's loan activity.

Of the 31 moderate-income census tracts, 21 or 67.7% have an owner-occupancy rate of less than 30%. Moderate-income census tract 6518.00, which is located in New Bedford contains only 0.8 percent of the assessment area's housing units, of which 84.6 were

rental, 6.0 percent owner-occupied, and 9.4 percent vacant. The housing stock is primarily multifamily and the census tract contains a commercial pier, a power plant and part of the downtown area. In addition, moderate-income tract 6410.00, located in Fall River, contains 0.9 percent of the assessment area's housing units, of which 86.8 percent are rental, 9.1 percent are owner-occupied, and 4.1 are vacant. The housing stock in this census tract is primarily public housing, and this tract contains mill buildings and the Battleship, Massachusetts.

According to 1990 census data, the low-income census tract 6526.00 in New Bedford contains only 0.8 percent of the assessment area's housing units, of which 69.3 percent are rental, 19.2 percent are owner-occupied, and 11.5 percent are vacant. This tract was rezoned in the 1970's, thereby reducing the housing stock. The area includes commercial buildings in the downtown area.

The low-income census tract 6411.00 located in Fall River contains only 0.2 percent of the assessment area's housing units, of which 93.1 percent are rental and 6.9 percent are vacant. The housing stock is primarily public housing, and this tract also contains much of Fall River's commercial and downtown business properties.

Demographic data obtained from CRA WIZ, based on 1990 census data, indicates that the bank's assessment area contains a total population of 390,206 individuals. There are 157,299 housing units within the assessment area of which 53.9% are owner-occupied and 7.3% are vacant housing units. In addition, 11.6% of the households in the assessment area are below the poverty level.

The following table provides demographic and economic information pertaining to the bank's assessment area.

Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Low	2.2	27.0	1.0	0.2	2.0	1.5	\$70,720
Moderate	34.1	14.4	31.8	14.6	55.2	35.1	\$113,513
Middle	47.3	19.1	52.6	63.4	37.7	51.9	\$137,110
Upper	13.2	39.5	14.6	21.8	5.1	11.5	\$176,035
N/A	3.2	-	-	-	-	-	-
Total or Median	100	100	100	100	100	100	\$134,599

Source: U.S. Census

The following is a brief description of the largest cities in the two major MSAs within the assessment area:

Prov-Fall River-Warwick, RI-MA MSA-The City of Fall River is an industrial community on the banks of the Taunton River in Bristol County. The city has evolved into a highly diversified industrial profile with chemical operations, electrical and food products along with the garment and textile industries.

New Bedford MSA- The City of New Bedford located in Southeastern Massachusetts is 54 miles south of Boston. The city was the whaling capital of the world in the 18th century. The city has evolved to become the home of many major industries.

According to Banker and Tradesman, the median selling price of a single family house for the first nine months of 2002 in the bank's Massachusetts assessment area, ranged from a low of \$140,000 in New Bedford to a high of \$282,500 in Rehoboth. Overall, the average median sales price of a single-family house for the area was \$206,180, reflecting a 68% growth since 1990. The disparity, in the increase in the cost of housing versus the increase in income, reflects the nature of the homeowners in the area and the scarcity of housing, especially affordable housing.

As part of the examination, community contacts are conducted to determine if there are any areas in need of assistance from local institutions, and to verify if the institutions are meeting the credit needs of the community. Two community contacts conducted during the examination provided relevant information on the assessment area. The contacts were conducted in Fall River and New Bedford. One of the organization's primary goals is to enhance the economic health of the city specifically the downtown area, which is in need of extensive revitalization. The other is an organization that acts as an advocate on behalf of low-income people with governmental agencies, private agencies and the community-at-large.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The institution's Lending Test performance was rated an overall "High Satisfactory." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the bank's performance.

Scope of Evaluation

The lending test evaluates an institution's record of helping to meet the credit needs of its assessment area based on an analysis of its HMDA reportable, small business, and community development loans. HMDA reportable loans originated during 2000, 2001 and year-to-date September 30, 2002 were included in the bank's performance. Small business loans originated during 2000, 2001 and year-to-date September 27, 2002 were also included in the bank's performance.

The data used to evaluate the bank's lending was derived from the HMDA/LAR (Home Mortgage Disclosure Act/ Loan Application Register) and the bank's CRA Disclosure Statement.

I. Lending Activity

Fall River Five Cents Savings Bank's lending levels reflect a good responsiveness to the assessment area's credit needs. The bank had total assets of \$447 million as of September 30, 2002. Net loans totaled \$275 million or 61.5 percent of total assets. Lending on one-to-four family residential properties represents the largest portion of the bank's loan portfolio followed by commercial real estate loans and multi-family loans.

The bank's net loans and leases to assets ratio was 58.9 percent as of June 30, 2002. The peer group's net loans and leases to assets ratio for the same time was 62.7 percent, placing the bank in the 32nd percentile. The bank's ratio is lower than peer; however, it should be noted that the UBPR determines a peer ratio based on similarly sized banks nationwide without regard to regional or state differences.

HMDA-Reportable Loans

For the period reviewed, Fall River Five Cents Savings Bank originated 1,293 HMDA-reportable loans totaling \$191 million. Of these loans, 1,067 loans representing 82.5 percent of the total loans were within the assessment area. By dollar amount, these loans totaled \$144 million or 75.4 percent. It should be noted that of the 1,067 loans originated within the assessment area, 612 or 57.4 percent were for refinances and 35.1 percent were for conventional home purchases.

Fall River accounted for the largest percentage of loans by number with 26.1 percent, followed by Somerset with 9.9 percent. Fall River also accounted for the largest dollar volume of loans with 47.2 percent, followed by Somerset with 9.2 percent. Refer to the following tables for additional information regarding the bank's HMDA-reportable lending, by both number and dollar volume.

Distribution of HMDA Reportable Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2000	200	76.9	27,332	66.9	60	23.1	13,532	33.1
2001	417	83.7	55,655	77.1	81	16.3	16,561	22.9
YTD 2002	450	84.1	61,145	78.4	85	15.9	16,844	21.6
Total	1,067	82.5	144,132	75.4	226	17.5	46,937	24.6

Source: HMDA /LAR, CRA Wiz

In 2001, Fall River Five Cents Savings Bank ranked 13th in market share out of 366 HMDA reportable lenders in the assessment area which is reasonable given the competitive environment in which the bank operates and the number of much larger institutions and mortgage companies within the assessment area. The bank originated 417 loans in the assessment area giving the bank a 1.9 percent market share. The top lender in the assessment area was Fleet National Bank with 1,951 loans and a 9.0 percent share of the market.

Small Business Lending

Fall River Five Cents Savings Bank's Small Business Loan Registers (SBLRs) for 2000, 2001 and year-to-date September 27, 2002 were reviewed to determine the amount of credit extended within the assessment area. For purposes of this loan register, a small business loan is defined as "a loan with an original amount of \$1 million or less that is: secured by non-farm nonresidential properties; or commercial and industrial loans to US addressees, as defined in the FDIC Call Report Instructions." The bank originated 390 small business loans totaling \$35 million, during this period. A total of 361 loans for \$31.9 million were originated to businesses within the bank's assessment area, representing 92.6 percent by number and 91.3 percent by dollar volume.

Refer to the following table for the distribution of small business loans inside and outside the assessment area.

Distribution of Small Business Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2000	138	89.6	9,057	82.0	16	10.4	1,988	18.0
2001	131	94.9	12,817	95.1	7	5.1	662	4.9
YTD 2002	92	93.9	10,046	96.1	6	6.1	406	3.9
Total	361	92.6	31,920	91.3	29	7.4	3,056	8.7

Source: CRA Data Collection

The bank's distribution of residential and small business lending reflects a good penetration of lending inside the assessment area.

II. Geographic Distribution by Census Tract Income Level

HMDA-reportable and small business loans located within the bank's assessment area were further analyzed to determine their location by census tract income level.

HMDA-Reportable Loans

The table below shows the number of HMDA-reportable loans in comparison to the number of owner-occupied housing units in each census tract. In addition, the bank's HMDA reportable loans were compared to that of all other HMDA-reporters in the assessment area. Other HMDA reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 2001. Refer to the following table for details.

Distribution of HMDA Loans by Income Category of the Census Tract										
Census Tract Income Level	% Total Owner-Occupied Housing Units	% of 2001 Aggregate Lending Data	2000		2001		YTD 2002		Total	
			#	%	#	%	#	%	#	%
Low	0.3	0.3	1	0.5	0	0.0	1	0.2	2	0.2
Moderate	14.6	11.9	48	24.0	111	26.6	101	22.4	260	24.4
Middle	63.3	62.3	132	66.0	259	62.1	305	67.8	696	65.2
Upper	21.8	25.5	19	9.5	47	11.3	43	9.6	109	10.2
Total	100.0	100	200	100	417	100	450	100	1,067	100

Source: 1990 U.S. Census, HMDA LAR, and HMDA Aggregate Data

As shown in the above table, 0.2 percent of the bank's total loans for the period under review were within low-income census tracts and mirrors the assessment area's owner-occupancy rate of 0.3 percent. The 24.4 percent of loans originated within the moderate-income census tracts are significantly higher than the 14.6 percent of owner-occupied housing units in the assessment area. In addition, the above data shows that the number of loans in middle-income census tracts is proportionate to the percentage of owner-occupied housing units in these areas.

The percentage of the bank's lending activity in moderate-income census tracts for 2001 is significantly higher than the aggregate. The percentage of Fall River Five's lending activity in low and moderate-income census tracts was 26.6 percent. In comparison, the aggregate originated 12.2 percent in low and moderate-income census tracts. In addition, the above table also demonstrates that the bank's HMDA-reportable loans in middle-income census tracts are proportionate with the aggregate and upper-income census tracts are well below the aggregate.

In 2001, Fall River Five ranked 7th in market share for lending in low and moderate-income census tracts within its assessment area. The bank originated 111 HMDA-reportable loans in these census tracts, representing 4.1 percent of the market. The top two lenders in low and moderate-income census tracts were the First Federal Savings Bank of America with 6.6 percent and Fleet National Bank with 6.1 percent.

Small Business Lending

Fall River Five Cents Savings Bank small business loans were analyzed to determine the distribution by census tract income level within its assessment area.

The following table depicts this distribution.

Distribution of Small Business Loans by Income Category of the Census Tract								
Census Tract Income Level	2000		2001		Year-to-date 2002		Total	
	#	%	#	%	#	%	#	%
Low	7	5.1	6	4.6	5	5.4	18	5.0
Moderate	50	36.2	37	28.2	27	29.3	114	31.6
Middle	74	53.6	73	55.7	51	55.4	198	54.8
Upper	7	5.1	15	11.5	9	9.9	31	8.6
Total	138	100	131	100	92	100	361	100

Source: CRA data collection

Based on the above information, the bank's distribution of HMDA-reportable loans and small business loans by census tract income level reflects an excellent penetration of loans throughout the assessment area.

III. Borrower Characteristics

The bank's residential loans were further analyzed to determine the distribution of lending by borrower income level. Borrowers reported incomes were compared to the median family incomes of the New Bedford, Providence-Fall River, Boston and Non Metropolitan Statistical Areas (MSAs), depending on the location of the property. These income figures are based on estimated Department of Housing and Urban Development (HUD) information. Refer to the following table for a breakdown of the estimated 2000, 2001 and 2002 HUD information.

MSA	2000	2001	2002
New Bedford	\$43,600	\$46,300	\$47,500
Prov-Fall River	\$49,800	\$52,800	\$54,100
Boston	\$65,500	\$70,000	\$74,200
Non MSA	\$48,000	\$50,500	\$52,100

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

HMDA-Reportable Loans

The following table shows the number of HMDA-reportable loans granted to low, moderate, middle and upper-income borrowers in comparison to the number of households in the assessment area in each respective income group. In addition the distribution of the

bank's loans among various borrower income levels was compared to that of all other HMDA-reporting lenders in the assessment area. The most recent data available for this analysis relates to calendar year 2001.

Refer to the following table for details.

Distribution of HMDA Reportable Loans by Borrower Income										
Median Family Income Level	% Total Households	% of 2001 Aggregate Lending Data	2000		2001		YTD 2002		Total	
			#	%	#	%	#	%	#	%
Low	27.0	3.2	3	1.5	17	4.1	20	4.4	40	3.7
Moderate	14.4	12.5	30	15.0	57	13.7	67	14.9	154	14.4
Middle	19.1	24.1	52	26.0	130	31.2	116	25.8	298	27.9
Upper	39.5	45.9	89	44.5	184	44.0	220	48.9	493	46.2
N/A		14.3	26	13.0	29	7.0	27	6.0	82	7.8
Total	100.0	100	200	100	417	100	450	100	1,067	100

Source: U.S. Census, HMDA LAR, and HMDA Aggregate Data

For the period under review, the bank extended 40 loans to low-income borrowers representing 3.7 percent of the total loans within the assessment area. This is well below the 27.0 percent of low-income households within the assessment area. However, based on the assessment area's median household income and median housing value, many low-income borrowers would find it difficult to purchase or qualify for a mortgage.

The bank extended 154 loans to moderate-income borrowers, representing 14.4 percent as shown above. The low interest rate environment helped many moderate-income borrowers to qualify for a mortgage. The percentage of loans is equal to the 14.4 percent of moderate-income households within the assessment area. Loans to middle and upper-

income borrowers are above the middle and upper-income households within the assessment area.

As indicated above, the distribution of the bank's 2001 HMDA reportable loans to low-income borrowers is higher than other HMDA-reporters within the assessment area. The bank originated 4.1 percent of the total loans within the assessment area to low-income borrowers, compared to the aggregate with 3.2 percent.

HMDA-reportable loans to moderate-income borrowers accounted for 13.7 percent within the assessment area and exceeded the aggregate with 12.5 percent.

The bank ranked 12th in market share in lending to low and moderate-income individuals in the assessment area in 2001. The bank originated 74 loans to low and moderate-income borrowers capturing 2.2 percent of the market. The number one lender to low and moderate-income borrowers was First Federal Savings Bank with 6.5 percent.

The distribution of HMDA-reportable loans by borrower income demonstrates the bank's willingness to lend to borrowers of all income levels, including those of low and moderate income.

Small Business Lending

Small business loans originated within the bank's assessment area were analyzed to determine the typical loan amount at origination. Of the 361 small business loans originated in the bank's assessment area, 270 had original loan amounts of \$100,000 or less. Refer to the table below.

Distribution of Small Business Loans by Loan Size								
Loan Size (000s)	2000		2001		YTD 2002		Total	
	#	%	#	%	#	%	#	%
< \$100	114	82.6	95	72.5	61	66.3	270	74.8
\$100 - \$250	16	11.6	23	17.6	19	20.7	58	16.1
> \$250 -\$1,000	8	5.8	13	9.9	12	13.0	33	9.1
Total	138	100%	131	100%	92	100%	361	100%

Source: CRA Data Collection

Small business loans originated within the bank's assessment area during this period were also analyzed to determine the distribution among businesses of various sizes. The following table depicts the distribution of small business loans within the bank's assessment area by revenues of the business.

Distribution of Small Business Loans by Gross Annual Revenues of Business								
Gross Annual Revenues (000s)	2000		2001		YTD 2002		Total	
	#	%	#	%	#	%	#	%
<= \$1,000	112	81.2	94	71.8	63	68.5	269	74.5
> \$1,000	23	16.7	32	24.4	27	29.3	82	22.7
N/A	3	2.1	5	3.8	2	2.2	10	2.8
Total	138	100%	131	100%	92	100%	361	100%

Source: CRA Data Collection

Based on the information above, Fall River Five's lending to borrowers of different income levels and businesses of various sizes with small business loans reflects a good distribution.

IV. Community Development Lending

Fall River Five Cents Savings Bank has granted a reasonable level of qualified community development loans.

Community development includes providing affordable housing for low and moderate-income individuals, promoting activities for economic development by financing small businesses, and lending that revitalizes or stabilizes low or moderate-income geographies. A community development loan is a loan that:

- Has as its primary purpose community development
- Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family dwelling loan; and
- Benefits the bank's assessment area or a broader statewide or regional area that includes the assessment area.

Described below is the bank's community development lending activity.

In 2000, the bank originated 24 multifamily loans totaling \$3,319,000. In 2001, the bank originated 27 multifamily loans totaling \$6,727,000. For year-to-date 2002, the bank originated 25 multifamily loans totaling \$5,374,000. Of the 76 loans granted during this period, one was made in a low-income tract, 64 in moderate-income tracts and 11 in middle-income tracts.

Fall River Five is the lead bank in a consortium of local banks which loaned \$2.5 million to a non-profit organization in Fall River to rehabilitate a former retail building in the downtown area. The loan closed on September 16, 2002 and the bank's portion was \$300,000.

The bank is working with a local developer to redevelop a blighted mill property located in a moderate-income census tract in Fall River. On April 26, 2002, the bank granted \$1,650,000 in construction financing and Mass Development committed \$445,000 in environmental re-mediation financing.

On November 10, 2000, Fall River Five along with other local banks participated with the local economic development council and a community development finance corporation in a \$300,000 loan to provide funding for a start up restaurant/food court in downtown New Bedford. The bank's portion of the package was \$23,000.

V. Innovative or Flexible Lending Practices

Fall River Five Cents Savings Bank participates in a variety of loan programs aimed at meeting the credit needs of low and moderate-income homebuyers and small businesses. Details of these programs are as follows.

Government-Sponsored Loan Programs

The bank participates in government-sponsored programs designed for low and moderate-income borrowers, first-time homebuyers and small businesses.

- **Massachusetts Housing Finance Agency (MHFA)- First Homebuyer Program**

This program features below market interest rates for lower-income borrowers. The program is limited to first time homebuyers with specific income and purchase price limits targeting low-income individuals. The program features relaxed underwriting guidelines and reduced downpayment requirements. During the period under review, the bank originated 15 loans totaling \$1,695,820.

- **FANNIE-MAE Expanded Approval I, II, III Program**

This program offers expanded approval, an option in Desktop Underwriter (DU), expanding the range of loans eligible for sale to Fannie Mae. This program was introduced in 2002, and the bank originated four loans totaling \$764,700.

- **FANNIE-MAE Timely Payment Rewards Program**

This program was introduced in 2002 and allows borrowers the “Timely Payment Rewards” feature to have an opportunity to receive a one-time automatic note rate reduction of up to one percent. The note rate reduction is granted if, on the second, third or fourth anniversary of the first scheduled payment date of the loan, the borrower has made each of the most recent 24 consecutive monthly payments on time. In addition, the borrower has never been delinquent for 90 days or more in mortgage payments since the beginning of the loan. During 2002, the bank originated one loan for \$152,000.

Fall River Five Cents Savings Bank participates in Small Business Administration (SBA) lending programs, extending loans under the SBA 504 & Low Doc loan programs and SEED programs, as detailed below.

SBA 504 Loan Program: This program provides for direct financing, by the SBA, of a portion of all small business loans originated under this program. The general loan structure involves 10 percent participation by the SBA, 40 percent participation by a

community development corporation, and 50 percent participation by the bank. During 2002 the bank originated two loans in which the bank’s portion was \$1,387,500. In addition, on November 11, 2001 the bank participated in the SEED SBA Loan Program with SEED, the Fall River Office of Economic Development and the Greater Fall River Industrial Development Foundation. The loan totaled \$1,925,735 with the bank’s portion being \$506,000.

Enterprise Fund - South Eastern Economic Development Corporation (SEED): The bank originates loans partially guaranteed by the SBA through its involvement with SEED. SEED is a consortium of financial institutions that provide financing for small businesses in Bristol, Plymouth, Barnstable, Dukes, and Nantucket Counties. The role of SEED is to assist small businesses in their start up phase until they are ready for bank financing. During the period under review, the bank provided five loans totaling \$158,818.

SBA Low-Doc Program: The program provides up to a 90% SBA guarantee on qualified loans. Generally, the only documentation required is a one-page application, which is generally processed in as little as two or three days. The program focuses primarily on a borrower’s character, credit and business experience. During the period under review, the bank originated four loans totaling \$365,428.

- **The Five by 5 Small Business Loan Program**

This program emphasizes customer service by providing quick turn around time for loan applicants and offering low loan amounts to benefit the small business owner. If the Credit

Administration department receives a loan application by noontime, a credit decision will be made by 5:00 P.M, hence the name "Five by 5".

Loans are made from \$7,500 to a maximum of \$50,000 with exceptions for loan amounts as low as \$1,500. Loans are available for the following:

- Commercial overdraft protection lines.
- Lines of credit:: This program allows for monthly payments the greater of 2% of principal balance, or \$250.00 plus interest.
- Term loans: This program provides for a maximum 7-year term, and monthly payments of constant principal, based on loan amount and term.

The bank granted 174 loans totaling \$2,689,369 for the period of January 1, 2001 to October 14, 2002.

In summary, Fall River Five makes extensive use of innovative and flexible lending practices to better serve its assessment area's credit needs.

VI. Fair Lending Policies and Practices

Fall River Five Cents Savings Bank's fair lending data was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

Bank management ascertains the credit needs of the assessment area through their involvement in several area community organizations and programs. The bank markets its services and products to the community through a variety of media including print, television, radio, and the Internet. Seminars are also conducted in order to make potential customers aware of the services the bank provides.

The bank has a formal written Fair Lending Policy, which is reviewed by the Board annually. The bank has established a formal second review policy for mortgage applications. This policy is included in the bank's Fair Lending Policy. The policy states that two underwriters and/or officers with appropriate loan authority review any loan considered for denial before notification of the denial is communicated to the loan applicant. In addition, at weekly meetings of the underwriting staff, the use of compensating factors is discussed to ensure consistency when reviewing loan requests.

The CRA Officer conducts an analysis of the bank's HMDA data on a weekly basis. A second review is further conducted by senior level offices on a monthly basis. Finally, a third review is conducted by an outside audit firm on a quarterly basis.

The CRA Officer reviews small business loans on a quarterly basis to ensure reporting accuracy.

At least once a year, the bank conducts an analysis of the bank's assessment area, which includes the demographic composition and various analyses of the lending data. Items such as geographic distribution, approval and denial rates, and demographic characteristics of the borrowers are addressed.

MINORITY APPLICATION FLOW

The bank's assessment area contains 390,206 individuals, 22,960 or 5.9 percent of whom are minorities. The assessment area's minority population is 0.2 percent Native American, 0.5 percent Asian, 1.3 percent Black, 2.4 percent Hispanic and 1.5 percent Other Race.

A review of residential loan applications was conducted in order to determine the number of applications the bank received from minorities. The bank received 1,210 residential loan applications from within its assessment area. During the period under review, 35 applications or 2.9 percent were received from minorities. Of these, 34 or 97.1 percent were approved. Refer to the following table for further details.

MINORITY APPLICATION FLOW										
RACE	Aggregate Data* 2001		Bank 2000		Bank 2001		Bank YTD 2002		Bank TOTAL	
	#	%	#	%	#	%	#	%	#	%
<i>Native American</i>	105	0.3	0	0.0	1	0.2	0	0.0	1	0.1
<i>Asian</i>	111	0.4	1	0.4	2	0.4	4	0.8	7	0.6
<i>Black</i>	304	1.0	0	0.0	2	0.4	4	0.8	6	0.5
<i>Hispanic</i>	331	1.1	1	0.4	0	0.0	0	0.0	1	0.1
<i>Joint Race</i>	259	0.8	1	0.4	4	0.9	10	2.0	15	1.3
<i>Other</i>	281	0.9	1	0.4	2	0.4	2	0.4	5	0.3
Total Minority	1,391	4.5	4	1.6	11	2.3	20	4.0	35	2.9
<i>White</i>	20,428	66.0	209	91.8	443	93.9	471	92.3	1,123	92.8
<i>NA</i>	9,150	29.5	15	6.6	18	3.8	19	3.7	52	4.3
Total	30,969	100	228	100	472	100	510	100	1,210	100

*Source: PCI Services, Inc., CRA Wiz Software.

The bank's minority application flow for this review period was compared with the racial make-up of the assessment area. In addition, the bank's application flow was compared to the 2001 aggregate data for all other HMDA reporters within the assessment area. The

comparison of this data assists in deriving reasonable expectations for the institution's application flow.

The bank's minority application flow falls below the racial composition of its assessment area for Black and Hispanic applicants. In addition, Fall River Five Cents Savings Bank's minority application flow when compared to the other lenders within the assessment area is below the aggregate for the year 2001, with the exception of the Asian and Joint Race.

There was no evidence of discriminatory credit practices based on the file review and an evaluation of the loan application process.

VII. Loss of Affordable Housing

The bank's participation in community development projects and government lending programs, along with its various flexible lending products has assisted low and moderate-income individuals to remain in their neighborhoods.

CONCLUSION (Lending Test)

Taking into account the number and amount of home mortgage and small business loans in its assessment area, Fall River Five Cents Savings Bank has demonstrated a good responsiveness to the assessment area's credit needs. A large majority of the bank's loans are made within its assessment area and are well distributed throughout the communities within the assessment area. The bank's lending also demonstrates a good distribution of loans among individuals of different income levels. The bank has an excellent record of serving businesses with gross annual revenues of \$1 million or less. The institution has granted a fair level of community development loans, and participates in a variety of flexible-lending programs to address the credit needs of low and moderate-income individuals and small businesses. In addition, the bank's fair lending performance was found to be satisfactory at this time. Overall, the institution's lending performance receives a rating of High Satisfactory.

INVESTMENT TEST

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. Fall River Five Cents Savings Bank is rated "High Satisfactory" in this area. The following describes the institution's qualified investments.

Massachusetts Housing Equity Fund 1997 LLP: In June 1997, Fall River Five Cents Savings Bank committed \$560,000 to this Fund. The bank's was paid in annual installments through 1999. The bank paid an initial entry fee of \$8,000, but has not advanced any other funds since that time. The Massachusetts Housing Equity Fund 1997 Limited Partnership is an affordable housing investment instrument that focuses on projects for low income housing and a limited number of commercial projects in disadvantaged areas. Its purpose is to provide equity financing to assist in the development of safe and affordable housing in low, moderate-income and disadvantaged neighborhoods. The investment partnership will acquire several projects, which will be formed to acquire, rehabilitate, construct, operate, lease, and manage low income housing in Massachusetts. During the third quarter of 2002, the Massachusetts Housing Equity Fund requested an additional \$64,000 increasing the bank's current balance to \$274,000.

Zero Stage Capital VI, L.P. Small Business Investment Company (SBIC): In May 1998, Fall River Five committed \$500,000 to invest in Zero Stage Capital VI, L.P, a Massachusetts Limited Partnership which was organized as a Small Business Investment Company (SBIC). The Partnership invests in venture capital securities and will concentrate its investments in new companies and entities in their earliest stages of development and in ongoing later stage companies and entities which require infusions of capital. Investments are made in entities operating throughout New England, including the bank's assessment area. In May 2001, the bank made the final installment of \$125,000 bringing the bank's balance to \$500,000.

Federal National Mortgage Association (FNMA):

The bank has invested in FNMA targeted mortgage backed securities. The securities are backed by 30-year residential low to moderate-income mortgage properties located within the counties that comprise the bank's assessment area. As of September 30, 2002, the loan pools had a total book value, of \$1,036,735. See the table below for details.

FEDERAL NATIONAL MORTGAGE ASSOCIATION LOAN POOLS

Instrument	Rate	Purchase Date	Purchase Par Value	Book Value 9-30-02
Pool # 496555	6.0%	04-07-99	\$216,662	\$182,547
Pool #526273	7.5%	12-09-99	\$264,804	\$147,108
Pool #526272	7.0%	12-09-99	\$182,481	\$88,820
Pool #550876	7.5%	08-10-00	\$95,505	\$33,934
Pool #550877	8.0%	08-10-00	\$81,625	\$25,179
Pool #578023	6.5%	05-08-01	\$289,869	\$264,240

Pool #578044	6.0%	05-08-01	\$108,747	\$97,999
Pool #583692	6.0%	06-04-01	\$252,591.	\$196,908
TOTAL			\$1,492,284	\$1,036,735

Charitable Contributions

The bank has provided contributions to organizations that provide education and training, affordable housing, youth programs, and health and human services for individuals in need. In 2001, the bank provided \$76,567 in contributions, of which \$51,760 or 67.6% were qualified contributions and grants in support for development of facilities, which promote community development, as defined under the CRA regulation. As of year-to-date September 30, 2002, the bank contributed \$115,367 of which \$66,580 or 57.7% were for community development purposes that qualify as CRA investments. The following are examples of these contributions:

- **Habitat for Humanity:** This non-profit organization's focus is for the rehabilitation and development of 1-4 family dwellings for low and moderate-income individuals. The bank provided grants to this organization for acquisition costs and provided technical assistance and monetary support for low and moderate-income homebuyers.
- **Big Brothers & Big Sisters:** This non-profit organization provides support to children and young people who have grown up without one or both parents. Big Brothers & Big Sisters helps bridge the gap by having volunteers spend time with the child they sponsor, and help fulfill the needs that the child may not receive at home.
- **Consumer Credit Counseling of Massachusetts:** This non-profit organization provides financial counseling and educational programs for families and individuals that reside in Barnstable and Southern Plymouth Counties. Services provided by this organization include seminars on budgeting, money management, and credit histories. The bank's contributions include the costs associated with credit education seminars.
- **Massachusetts Money Management Program:** This organization provides assistance in basic household money management to low-income elders.
- **Operation Christmas Citizens for Citizens Inc.:** Citizens for Citizens Inc. is an organization, which services low-income families. The bank provided a donation to this organization's Christmas fund.
- **Veterans Transition House:** Helps homeless veterans with benefits assistance, shelter, food, access to counseling, direction and understanding to help those vets become contributing members of society once again.

- **YMCA of Greater Fall River:** The bank supported the annual Scholarship Fund of the YMCA. These funds are awarded to needy families to pay for childcare, camp and various YMCA programs. In addition, the YMCA of Greater Fall River is located in a moderate-income geography.
- **United Way of Greater Fall River:** The United Way of Greater Fall River is an umbrella organization whose main goal is to raise funds that support the programs and services provided by local health and human service agencies. The service area of this organization is a region with large immigrant populations and accompanying high unemployment and poverty, along with low educational attainment. Money raised during the United Way campaigns help feed the hungry; provide quality childcare and after-school programs along with counseling and shelter for victims of domestic violence.

CONCLUSION (Investment Test)

As depicted above, Fall River Five Cents Savings Bank has a very good level of qualified community development investments and grants, and has exhibited good responsiveness to credit and community economic development needs. Therefore, based on the bank's size and resources and the credit needs of the assessment area, the bank's investment performance is rated High Satisfactory.

SERVICE TEST

The service test evaluates an institution's record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's Service Test is rated High Satisfactory.

RETAIL BANKING SERVICES

Distribution of Branches

Fall River Five operates eight full-service branch offices in Fall River, Somerset, Swansea, and Dartmouth. The main office is located in a low-income census tract in Fall River. Two other Fall River branches are located in moderate-income census tracts. The remaining five branches are located in middle-income census tracts. Based on the distribution of the

assessment area census tracts, households, and population, Fall River Five's distribution of branches is reasonably accessible to all segments of the assessment area.

The bank's business hours are comparable to many institutions that operate in the assessment area. Six of the bank's offices have drive-ups. Service hours are convenient to all customers

The bank also offers a wide variety of credit products. Such products include first mortgage loans for residential properties, first-time homebuyer mortgage loans, residential construction loans, first mortgage loans for commercial properties, home improvement loans, student loans, passbook loans, auto loans, boat loans, unsecured consumer loans, second mortgage loans, commercial loans, equity lines of credit, home equity loans, consumer land loans, overdraft protection, and small business loans.

Record of Opening and Closing Branches

The bank has not closed any branches during this evaluation period. Fall River Five has a formal Branch Closing Policy, which details the procedures for closing a branch office.

Alternative Retail Banking Services

Automatic Teller Machines (ATMs) are located at all 8 full-service offices. The ATMs are linked to the NYCE, CIRUS, PLUS, Visa MasterCard, American Express, and NOVUS systems. In addition, the bank is a member of the SUM alliance.

Fall River Five offers a Debit/ATM card with Unlimited ATM transactions with no fee at any "Take 5" ATM site, owned and operated by Fall River Five.

The Bank offers 24-hour telephone banking through Phone5Direct. This product provides touch-tone access to an account 24 hours per day, 7 days a week.

Fall River Five Cents Savings Bank's Web site: www.frfive.com provides information about the bank and its products and services.

Other Retail Services

Fall River Five offers basic, low-cost checking and savings accounts according to guidelines developed by the Massachusetts Community Banking Council (MCBC). The basic checking has no minimum balance requirement and costs only \$2.50 per month. Fall River waives the monthly fee if customers have their payroll or government checks direct deposited. The savings account requires a \$10.00 minimum balance to earn interest and has no monthly fees. The bank also offers a check-cashing card for \$2.00, a one-time fee that gives check-cashing privileges to non-customers. These products and services specifically benefit the assessment area's low- and moderate-income residents. In

addition, the bank offers free checking with unlimited ATM transactions with no fee at any "Take 5" ATM site.

During the Spring of 2001, Fall River Five Cents Savings Bank became a Treasury financial agent. The bank joined more than 600 certified financial institutions nationwide offering U. S. Department of the Treasury's new, low cost Electronic Transfer Account (ETA) at more than 13,000 branches.

Fall River Five Cents Savings Bank maintains Interest on Lawyers' Trust Accounts (IOLTA). Attorneys and law firms maintain these accounts for the short term holding of clients' funds. Interest earned on these accounts is remitted to the IOLTA committee, which distributes funds to local charities to provide low or no cost legal services to low-income individuals. This program benefits over 100,000 low-income individuals a year in the areas of consumer, family, education, disability, and elder services. The bank has 30 such accounts with total balances of \$1.6 million.

During 2001, the bank became a participant in the Massachusetts Bankers Association Foreclosure Prevention Program. This program helps Massachusetts families avoid the loss of their homes. In collaboration with the National Consumer Law Center and community-based housing agencies, the bank will provide personal financial counseling to homeowners who need added support in working toward a cooperative resolution when mortgage payments fall behind. Since the bank became a participant in this program there has been no borrowers requiring this service.

COMMUNITY DEVELOPMENT SERVICES

The CRA regulation defines a community development service as a service whose purpose is primarily community development and is related to the provision of financial services. Various bank officers and employees represent the bank by serving on numerous community development service organizations. Through these involvements, the bank's staff lends their technical expertise, experience and judgement to these organizations. The following involvement by bank personnel is a sample of Fall River Five's commitment to its assessment area:

Downtown New Bedford, Inc.

- The bank has joined Downtown New Bedford, Inc., a bank consortium organized to promote the redevelopment of Downtown New Bedford, MA, a low and moderate-income area. A Vice President is on the Board of Directors and is Chairman of the Financial Incentives Committee.

Fall River Office of Economic Development

- The bank president and a vice president serve on the board and loan committee of the Fall River Office of Economic Development. This organization arranges below-market permanent financing for new and expanding businesses. In addition to financial assistance, it offers access to below-market commercial and industrial real estate, various tax incentives, employee recruitment and training, and other competitive advantages to existing businesses looking to expand, to new business startups, or to existing companies looking to relocate to Fall River.

New Bedford Economic Development Council

- A senior vice president is the chairman of the board for the New Bedford Office of Economic Development Council. This council is a community development finance institution and qualified intermediary for the Small Business Administration's 7A loan pre-qualification program for the Greater New Bedford Area. The senior vice president also chairs the Loan Committee and sits on the Finance Committee for that organization. A vice president of the bank also sits on the Loan and Finance Committees.

SER Jobs for Progress

- An officer of the bank chairs the board of SER Jobs for Progress, an organization, which offers training programs for low-and moderate-income people. The officer is also a member of the Portuguese Business Association (PBA). This organization provides services to Portuguese small business owners in the community. Another officer of the bank is on the board of the PBA as well as on the Scholarship Committee.

South Eastern Economic Development Corporation

- A Senior Vice President of the bank serves on the Board of Directors of this organization and a Vice President serves on the Loan Committee. South Eastern Economic Development Corporation is an economic and community development agency established for the purpose of stimulating the economy of the area in which it serves.

Lenders' Task Force for the New Bedford Board of Realtors

- The CRA officer serves on the Lenders' Task Force for the New Bedford Board of Realtors. This committee provides first-time home buyer training sessions to low- and moderate-income people.

Educational Services and Seminars

Fall River Five participates in the Money Management Program which assists low-income elders who in writing checks, balancing their checkbooks and managing their money. This program was developed by the American Association of Retired Persons along with local agencies such as Coastline Elderly Service, New Bedford, managing the day-to-day operation of the program. The purpose of the Money Management Program is to promote independent living for persons on limited income who are at risk because of their inability to manage their financial affairs.

The bank participates in the Saving Makes Cents School Banking Program with five local schools, which is an educational curriculum provided by the State Treasurer's office and is taught by classroom teachers. A bank representative is on hand to open savings accounts and accepts deposits so students can learn through real life experience the importance of good savings habits.

Fall River Five participates in the FDIC's Money Smart Program, a training program to help adults outside the financial mainstream enhance their money skills and create positive banking relationships. The bank conducted seven sessions using this program beginning on November 19, 2002 and ending on December 19, 2002, with a group of young parents in a GED program.

The bank is a participant in first-time homebuyer seminars within its assessment area. Officers of the bank participated in 2 first-time homebuyer seminars in 2001 in conjunction with the Lender Realtor Task Force of New Bedford.

In 2001 and 2002, the bank sponsored its "Annual Senior Celebrations" which offered seniors an afternoon of education in finance, assisted living, health care, and estate planning. Bank officers and employees, as well as guest speakers, covered such topics as

banking, direct deposit, elderly fraud, estate planning, free health screenings, and health care issues.

In 2001, in participation with Jobs for Fall River, Inc., bank officials participated in “A Seminar for Women: New Business Opportunities”.

In 2001, the bank hosted the Home Owners Option for Massachusetts Elders (H.O.M.E’s) regional lenders meeting at the bank’s main office. Several local banks attended.

In 2002, the bank participated in a First Time Homebuyers seminar through New Bedford Affordable Housing.

The bank also participated in the New Bedford Realtor/Lender Night on May 22, 2002.

In 2002, bank employees participated in the “Women’s EXPO 2002”. In 2002, the bank also sponsored a workshop entitled “Financial Management for Small Business” through the U Mass. Dartmouth Small Business Development Center.

In 2002, several bank representatives participated in a Home Show in New Bedford.

In 2002, the bank’s Investment department conducted a series of Financial Evenings at the bank’s branch locations. These seminars were geared toward financial literacy for all ages and focused on investment products for education, retirement, and income.

CONCLUSION (Service Test)

In summary, Fall River Five Cents Savings Bank’s systems for delivering retail-banking services are readily accessible to geographies and individuals of different income levels within its assessment area. The bank provides a strong level of community development services. Bank management and employees have taken leadership roles in organizations that promote economic development or target the revitalization of business communities. Therefore, the bank’s service test is considered to be “High Satisfactory”.

APPENDIX A

SCOPE OF EXAMINATION

Fall River Five Cents Savings Bank has one assessment area, which was reviewed using the examination procedures for large banks.

The CRA evaluation included HMDA-reportable loans and small business loans. The time period used for HMDA-reportable loans was January 1, 2000 to September 30, 2002. The time period used for small business loans was January 1, 2000 to September 27, 2002.

Qualified investments were also reviewed. The bank's investments exhibit good responsiveness to credit and community economic development needs.

In addition, the bank's systems for delivering retail banking services and the provision of community development services were considered.

Fall River Five Cents Savings Bank has branch locations in the Providence-Fall River-Warwick, RI-MA and the New Bedford Metropolitan Statistical Areas (MSAs).

Internal analysis generated by management was reviewed during the examination, as was comparative data for the assessment area obtained from CRA WIZ. The examination also included a review of the bank's Public File, which contained no negative CRA-related comments.

APPENDIX B

METROPOLITAN STATISTICAL AREAS

I. Providence/Fall River MSA

A. Bank Operations and Performance Context

The Providence/Fall River MSA portion of the assessment area contains the bank's main office in Fall River. In addition, there are six branch offices located in this MSA; four in Fall River, and one each in Somerset and Swansea. This portion also contains five towns in Rhode Island.

The Providence/Fall River MSA portion of the assessment area contains 50 of the 91 census tracts in the assessment area. This portion of the assessment area has a population of 227,883 with 85,385 households. Of these, 26.3% are low-income, 14.6% moderate-income, 19.5% middle-income, and 39.6% upper-income. Of the 50 census tracts, 1 is low-income, 18 are moderate income, 21 are middle income, 8 are upper income and 2 have no income designation. The 1 low-income census tract is located in the City of Fall River. The 18 moderate-income census tracts are located in Fall River (16), Warren, Rhode Island (1) and Bristol, Rhode Island (1).

B. Conclusions with Respect to Performance Tests

Mortgage loans originated and purchased by the bank in the Providence/Fall River MSA portion of the assessment area represents 77.5% of the number and 76.6% of the dollar volume of all loans inside its assessment area.

Small business lending in this MSA represents 78.9% of the total number and 81.0% of the total dollar volume originated by the bank inside its assessment area.

II. New Bedford MSA

A. Bank Operations and Performance Context

The New Bedford MSA portion of the assessment area contains one of the bank's offices located in Dartmouth. This portion of the assessment area has a population of 135,688 with 50,530 households. Of these, 30.1% percent are low-income, 14.1% are moderate-income, 17.8% are middle-income, and 38.0% are upper-income. The area contains a total of 36 census tracts. One of these is low-income, 13 are moderate-income, 18 are middle-income, 3 are upper-income and 1 has no income designation. All the low and moderate-income census tracts are located in the City of New Bedford.

B. Conclusions with Respect to Performance Tests

HMDA-reportable loans originated and purchased by the bank in the New Bedford MSA portion of the assessment area represents 17.5% of the number and 17.2% of the dollar volume of all loans inside its assessment area.

Small business lending in this MSA represents 16.9% of the total number and 15.8% of the total dollar volume originated by the bank inside its assessment area.

III. Boston MSA

A. Bank Operations and Performance Context

The Boston MSA does not contain any of the bank's offices. This portion of the assessment area has a population of 9,868 with 3,275 households. Of these, 19.4% are low-income, 14.7% are moderate-income, 25.9% are middle-income and 40.0 are upper-income. There are no low-income households in the bank's portion of the Boston MSA. The area contains a total of 2 census tracts, both of which are middle-income.

B. Conclusions with Respect to Performance Tests

Mortgage loans originated and purchased by the bank in the Boston MSA portion of the assessment area represents 2.6% of the number and 2.9% of the dollar volume of all loans inside its assessment area.

Small business lending in this MSA represents 3.0% of the total number and 2.1% of the total dollar volume originated by the bank inside its assessment area.

IV. NON MSA

A. Bank Operations and Performance Context

The Non MSA portion of the assessment area does not contain any of the bank's offices and contains the Town of Portsmouth, Rhode Island. This portion of the assessment area has a population of 16,817 with 6,303 households. Of these, 15.1% are low-income, 14.0% are moderate-income, 20.0% are middle-income, and 50.9% are upper-income. There are no low-income households in this MSA. The area contains a total of three census tracts. Of these, two are middle-income, and one is upper-income. There are no low or moderate-income tracts in this MSA.

B. Conclusions with Respect to Performance Tests

Mortgage loans originated and purchased by the bank in the Non MSA portion of the assessment area represents 2.4% of the number and 3.3% of the dollar volume of all loans inside its assessment area.

Small business lending in this MSA represents 1.2% of the total number and 1.1% of the total dollar volume originated by the bank inside its assessment area.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

FALL RIVER FIVE CENTS SAVINGS BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **NOVEMBER 14, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area , each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

